



Annualization Worksheet

General Information on Annualizing

If your income fluctuates or is seasonal, you may be able to lower the amount of one or more required estimated tax installments by annualizing your income. To see if you can pay less for any period, first complete the estimated worksheet (Form ESW) then complete the annualized estimated worksheet (Form ESA). Complete one column before continuing to the next. This worksheet annualizes your tax at the end of each period based on a reasonable estimate of your income and deductions from the beginning of the tax year through the end of each period. If you use the annualized income worksheet for any payment due date, you must use it for all subsequent payment due dates.

If you use the annualized income installment method, you must file Form ESA. Attach Form ESA when you file your 2005 income tax return.

		Jan. 1 - Mar. 31 1st Period 2005	Jan. 1 - May 31 2nd Period 2005	Jan. 1 - Aug. 31 3rd Period 2005	Jan. 1 - Dec. 31 4th Period 2005
1. Montana AGI for the period as shown	1.				
2. Annualization amounts	2.	4	2.4	1.5	1
3. Multiply line 1 by line 2 (annualized income)	3.				
4. Itemized deductions for each period (see below)*	4.				
5. Annualization amounts	5.	4	2.4	1.5	1
6. Multiply line 4 by line 5	6.				
7. Standard deduction (see worksheet on back)**	7.				
8. Enter larger of line 6 or line 7	8.				
9. Subtract line 8 from line 3	9.				
10. Multiply \$1,840 x number of exemptions	10.				
11. Subtract line 10 from line 9	11.				
12. Tax on amount on line 11, use tax table on Form ESW	12.				
13. Tax on lump sum distribution	13.				
14. Add lines 12 and 13	14.				
15. Tax credits for each period	15.				
16. Line 14 less line 15. This is your total tax	16.				
17. Applicable percentage	17.	22.5% (.225)	45% (.45)	67.5% (.675)	90% (.90)
18. Multiply line 16 by line 17	18.				
19. Add amounts in all preceding columns of line 25a	19.				
20. Annualized income installment. Subtract line 19 from line 18. If less than zero, enter zero	20.				
21. Divide line 7 of Form ESW (Estimate Worksheet) by four (4) and enter result in each column	21.				
22. Enter amount from line 24 of preceding column	22.				
23. Add lines 21 and 22	23.				
24. If line 23 is more than line 20, subtract line 20 from line 23, otherwise enter zero	24.				
25a. Enter the smaller of line 20 or line 23	25a.				
25b. Actual 2005 withholding for each period	25b.				
25c. Subtract line 25b from 25a. This is your required estimated tax payment for each quarter	25c.				

* 4. Enter your estimated 2005 itemized deductions for each period which include items such as contributions, medical, and dental expenses.

**7. The standard deduction is 20% of line 3, subject to the following limitations:

Single: No less than \$1,530; no more than \$3,440
Married or head of household: No less than \$3,060; no more than \$6,880

When you file your Montana income tax return electronically you represent that you have retained all documents required as a tax record and that you will provide a copy to the department upon request.

Standard Deduction Worksheet



A standard deduction worksheet must be completed for each period.

1. Enter amount from line 3 of Form ESA for applicable period. 1. _____
2. Enter 20% of line 1. 2. _____
3. Enter the amount from below that corresponds to your filing status:
Single or separate (filing status 1,3,4, or 5) \$3,440
Joint or head of household (filing status 2 or 6) \$6,880 3. _____
4. Enter the amount from line 2 or line 3, whichever is smaller. 4. _____
5. Enter the amount from below that corresponds to your filing status:
Single or separate (filing status 1,3,4 or 5) \$1,530
Joint or head of household (filing status 2 or 6) \$3,060 5. _____
6. Enter the amount from line 4 or line 5, whichever is larger.
This is your standard deduction.
Transfer this amount to line 7, Form ESA for applicable period. 6. _____

Questions? Please call (406) 444-6900 or TDD (406) 444-2830. ☎